



Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.

FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

IT PROJECT EVALUATION

SECTION I: PROPOSAL

Date: July 16, 2001

Agency Name: Iowa Commission of Veterans Affairs

Project Name: HIPAA Compliance

Expenditure Name: Pooled Technology Fund

Agency Manager: Susan Donaldson, Information Technology Administrator

Agency Manager Phone Number / E-mail: (641) 753-4477 sdonald@dhs.state.ia.us

Executive Sponsor (Agency Director or Designee): Greg Wright, Business Manager

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over \$100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? **YES** (If "YES," explain) **NO**

Explanation: This project is specifically required for compliance with the Health Insurance Portability and Accountability Act of 1996, all sections dealing with medical record and insurance privacy. This act was signed into law by President Clinton on August 21, 1996.

Is this project or expenditure required by State statute? **YES** (If "YES," explain) **NO**

Explanation: The Centers for Medicare and Medicaid Services (CMS) [formerly Health Care Financing Administration (HCFA)] which is administering HIPAA at the Federal level has released final federal regulations requiring the states to comply with HIPAA.

Does this project or expenditure meet a health, safety or security requirement? **YES** (If "YES," explain) **NO**

Explanation: The Health Insurance Portability and Accountability Act deals specifically with health, safety and security.

Is this project or expenditure necessary for compliance with an enterprise technology standard?

YES (If "YES," explain) **NO**

Explanation: Data security is an enterprise technology standard and this project deals directly and specifically with the security and integrity of medical records and insurance records.

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?

YES (If "YES," explain) **NO**

Explanation:

Is this a "research and development" project or expenditure? **YES** (If "YES," explain) **NO**

Explanation:

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response:

Pre-project description: Resident medical record and insurance record security levels do not meet the requirements of the Health Insurance Portability and Accountability Act of 1996. The intent of HIPAA is to improve the efficiency and effectiveness of the healthcare system by encouraging the development of health information systems that utilize Electronic Data Interchange (EDI) for the administrative and financial transactions specified. In addition HIPAA requires the use of national transaction standards when performing these business transactions between organizations electronically.

Post-project description: Resident medical record and insurance record security levels will meet the requirements of the Health Insurance Portability and Accountability Act of 1996. Implementation of this project will reduce our risk of being fined up to \$25,000 annually per resident/patient at the Iowa Veterans Home plus any civil penalties..

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: This project would insure the residents/patients of Iowa Veterans Home and their families that their medical records and insurance records would be secure and accurate.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: The main stakeholders are the resident/patients of the Iowa Veteran's Home and benefit to them is in the form of increased security and accuracy of their medical and insurance records. Additional stakeholders are:

Iowa Commission of Veterans Affairs (7)
Iowa Veterans Home clinical staff (750)
Iowa Veterans Home business staff (150)
Iowa Veterans Home Medicaid program staff (2)
Iowa Veterans Home Resident Families and Friends
Iowa Department of Human Services, including Medicaid program staff and managers
Iowa Department of Inspections and Appeals
Iowa Department of Information Technology
Iowa Department of Public Health
Iowa Department of Elder Affairs
Iowa Department of Management
Iowa Department of Human Rights, Division of Persons with Disabilities
Iowa Communications Network
Centers for Medicare and Medicaid Services (CMS, formerly Health Care Financing Administration, HCFA)
Joint Commission on Accreditation of Healthcare Organizations (JCAHO)
Health Insurance Portability and Accountability Act of 1996 (HIPAA)
Occupational Safety and Health Administration (OSHA)
United States Department of Veterans Affairs, Washington, D.C., Knoxville, Iowa City and Des Moines
Bull Information Systems
Pomeroy Computer Resources
Lanier Worldwide, Inc.
SoftMed Systems, Inc.
Microsoft
ASAP Software
Cisco Systems
Creative Solutions Unlimited, Inc.
WahlTek Information Systems for Healthcare and Business
Computrition, Inc.
QS1 Data Systems
AutoMed
American Association of Homes and Services for the Aging (AAHSA)
Association for Protection of the Elderly (APE)

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:

- a. List the project management skills necessary for successful project implementation
- b. List the project management skills available within the agency
- c. List the source(s) of project management skills lacking within the agency
- d. Summarize relevant agency project management experience and results

Response:

a. Information Gathering Skills, Communication Management Skills, Planning Skills, Situational Analysis Skills, Priority Determination Skills, Reporting Skills, Budget Planning and Conformance Skills, Project Control Skills, Capacity Planning Skills, Information Technology Services Assessment Skills, Project Management Skills.

b. Information Gathering Skills, Communication Management Skills, Planning Skills, Situational Analysis Skills, Priority Determination Skills, Reporting Skills, Budget Planning and Conformance Skills, Project Control Skills, Capacity Planning Skills, Information Technology Services Assessment Skills, Project Management Skills.

c. No skills necessary for this project are lacking within the agency.

d. Design/Configuration/Acquisition/Implementation of Network Domain -- in progress, implementation stage
 Design/Bid/Construction of Dietary Project -- in progress, construction stage
 Implementation of Medical Record System -- complete, satisfactory
 Configuration/Comparison/Implementation of Transcription system -- complete, satisfactory
 Agency Strategic Plan and Annual Report Process -- ongoing

B. Project Information

1. History:

- a. Is this project the first part of a future, larger project? If so, please explain.
- b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response:

- a. No
- b. No

2. Expectations: Describe the primary purpose or reason for the project.

Response: The primary purpose of the project is compliance with the Health Insurance Portability and Accountability Act.

3. **Measures:** Describe the criteria that will be used to determine if the project is successful.

Response: Lack of citation by oversight agencies is the measure that will be used to determine that the project has been successful.

4. **Environment:** List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response:

Iowa Commission of Veterans Affairs (7)
 Iowa Veterans Home clinical staff (750)
 Iowa Veterans Home business staff (150)
 Iowa Veterans Home Medicaid program staff (2)
 Iowa Veterans Home Resident/Patients
 Iowa Veterans Home Resident Families and Friends
 Iowa Department of Human Services, including Medicaid program staff and managers
 Iowa Department of Inspections and Appeals
 Iowa Department of Information Technology
 Iowa Department of Public Health
 Iowa Department of Elder Affairs
 Iowa Department of Human Rights, Division of Persons with Disabilities
 Iowa Communications Network
 Centers for Medicare and Medicaid Services (CMS, formerly Health Care Financing Administration, HCFA)
 Joint Commission on Accreditation of Healthcare Organizations (JCAHO)
 Health Insurance Portability and Accountability Act of 1996 (HIPAA)
 Occupational Safety and Health Administration (OSHA)
 United States Department of Veterans Affairs, Washington, D.C., Knoxville, Iowa City and Des Moines
 Bull Information Systems
 Pomeroy Computer Resources
 Lanier Worldwide, Inc.
 SoftMed Systems, Inc.
 Microsoft
 ASAP Software
 Cisco Systems
 Creative Solutions Unlimited, Inc.
 WahlTek Information Systems for Healthcare and Business
 Computriton, Inc.
 QS1 Data Systems
 AutoMed
 American Association of Homes and Services for the Aging (AAHSA)
 Association for Protection of the Elderly (APE)

5. **Risk:** Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: Potential risks include citations and fines from oversight agencies for non-implementation. There is also a potential risk of overpayment or underpayment to the Iowa Veterans Home, to the federal government Department of Veterans Affairs. Failure to make changes required in Medicaid can also result in loss of federal funding ranging from loss of Federal Financial Participation (FFP) of 63% to loss of all Medicaid funding. Failure to comply with HIPAA can result in penalties up to \$25,000 per person annually in addition to civil penalties.

6. **Security / Data Integrity / Data Accuracy / Information Privacy**
- List the security requirements of the project
 - Describe how the security requirements will be integrated into the project and tested
 - Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response:

a. Password security, Document disposal security, Network security, Physical security, Access control, Information security awareness, Medical record and insurance record security.

b. This project will require implementation of new security checkpoints and development of a secure area. Testing will include constant probing for areas of weakness as well as monitoring for unauthorized access.

c. Data integrity, data accuracy and information privacy are specifically goals of this project. Measures taken involve having security control over the records. Such things as redundancy and reliability of the computer hardware, reliability and dependability of computer software, and training and management of staff on the associated privacy requirements of this project are an integral part of the project.

7. **Project Schedule**
Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: Due to lack of information regarding funding availability, we have proposed the following non-specific timeline. Responsible parties are Iowa Veterans Home Information Technology staff.
First month -- determination of need for software and analysis of possible packages
Second month -- acquisition of software package
Third month -- staff training and installation of software
Fourth month -- loading of data and beginning of test period
Fifth month -- determine problem areas and troubleshoot with vendor
Sixth month -- conclusion of test, go live with system and continue to monitor
Seventh month -- implementation complete
According to the act, the project must be complete by April of 2003.

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment

1. Software (Client Side / Server Side / Midrange / Mainframe):

- a. Application software
- b. Operating system software
- c. Major interfaces to other systems, both internal and external

Response:

Client side network software.

- a. Microsoft Office, COBOL, INFO
- b. Microsoft Windows NT
- c. We are currently part of the network of the Department of Human Services. Interfaces to other systems include the Federal Veterans Affairs medical record, the state mainframe system, and internally, our Pharmacy system, medical records system, medical information system, and time clock system.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):

- a. Platform, operating system
- b. Storage and physical environment
- c. Connectivity and bandwidth
- d. Logical and physical connectivity
- e. Major interfaces to other systems, both internal and external

Response:

- a. Bull DPX20 Mini-computer running UNIX
NCR S26XLPII servers running Microsoft Windows NT Server
Workstations running Windows 98 and Windows NT Client
Wild Rose
Compaq Deskpro DPENS P400
Compaq Deskpro DPEP P550

b. Connection to the Department of Human Services personal computer network provides storage capacity and servers for our networking. We also have access to the state mainframe.

- c. Fiber Optic cable connecting 7 main buildings on campus
Fiber Optic risers to upper floors of 2 buildings with 4 floors
Category 5 cable from switches to desktops
Switches
Cisco 6509 -- main switch
Cisco 2900 series and 3500 series switches

d. We are connected to the statewide network through the ICN on T1 lines.

- e. Router
Baystack Access Node Communications Server model # AE1001007.

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)

- a. Application software
- b. Operating system software
- c. Major interfaces to other systems, both internal and external
- d. General parameters if specific parameters are unknown or to be determined

Response:

All software developed as part of this project will be client side network software.

- a. The application software will be Access, SQL, COBOL and possibly Visual Basic software.
- b. The operating system software will be Microsoft Windows 2000 on the agency network.
- c. Interfaces to other systems will include the Federal Veterans Affairs medical record, and internally, our existing Pharmacy system and our existing medical records system.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)

- a. Platform, operating system
- b. Storage and physical environment
- c. Connectivity and Bandwidth
- d. Logical and physical connectivity
- e. Major interfaces to other systems, both internal and external
- f. General parameters if specific parameters are unknown or to be determined

Response:

- a. Bull DPX20 Mini-computer running UNIX
Compaq Proliant servers running Windows 2000 Server
NCR S26XLPII servers running Microsoft Windows NT Server
Workstations running and Windows NT Client and Windows 2000 Client
 - Compaq Deskpro DPENS P400
 - Compaq Deskpro DPEP P550
 - Compaq Deskpro EN CMT PIII/1GHGZ with 256 MB Memory

b. We have a Compaq server rack with 7 servers including a File & Print Server with 68 GB Memory. We also have access to the state mainframe.

- c. Fiber Optic cable connecting 7 main buildings on campus
Fiber Optic risers to upper floors of 2 buildings with 4 floors
Category 5 cable from switches to desktops
Switches
 - Cisco 6509 -- main switch
 - Cisco 2900 series and 3500 series switches

d. We are connected to the statewide network through the ICN on T1 lines.

- e. Router
Baystack Access Node Communications Server model # AE1001007. Compaq Proliant Servers

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: Global system codes, modules, fields and security required

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{\text{Budget Amount}}{\text{Useful Life}} \right) \times \% \text{ State Share} \right] + (\text{Annual Ongoing Cost} \times \% \text{ State Share}) = \text{Annual Prorated Cost}$$

Budget Line Items	Budget Amount (1 st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1 st Year)	% State Share	Annual Prorated Cost
Agency Staff	\$0	1	100%	\$0	0%	\$0
Software	\$20000	4	100%	\$0	0%	\$5000
Hardware	\$0	3	0%	\$0	0%	\$0
Training	\$5000	4	100%	\$1000	100%	\$2250
Facilities	\$0	1	0%	\$0	0%	\$0
Professional Services	\$10000	4	100%	\$0	0%	\$2500
ITD Services	\$0	4	0%	\$0	0%	\$0
Supplies, Maint, etc.	\$1000	4	100%	\$0	0%	\$250
Other (Specify)	\$0	1	0%	\$0	0%	\$0
Totals	\$36000	-----	-----	\$1000	-----	\$10000

Transfer this amount to the ROI Financial Worksheet, item "D" on page 13. 

B. Funding: Enter data or provide response as requested

1. This is (pick one): A Pooled Technology Fund or Reengineering Fund Request
 An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
 Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost (\$)	% Total Cost	Cost (\$)	% Total Cost	Cost (\$)	% Total Cost
State General Fund	\$12000	25%	\$0	0%	\$0	0%
Pooled Tech. Fund	\$36000	75%	\$0	0%	\$0	0%
Federal Funds	\$0	0%	\$0	0%	\$0	0%
Local Gov. Funds	\$0	0%	\$0	0%	\$0	0%
Grant or Private Funds	\$0	0%	\$0	0%	\$0	0%
Other Funds (Specify)	\$0	0%	\$0	0%	\$0	0%
Total Project Cost	\$48000	100%	\$0	100%	\$0	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response: NA

1. On a fiscal year basis, how much of the total (\$ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response:
 First year -- \$12,000 (25%) -- reallocation of existing staff to implement project

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State \$s) that will be incurred after implementation or expenditure.

Response: \$1,000 ongoing training

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: NA

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: NA

3. State Government Benefit -- Subtract the total “Annual Post-Project Cost” from the total “Annual Pre-Project Cost.” This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: NA

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens. This includes the “hard cost” value of avoiding expenses (“hidden taxes”) related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a “rule of thumb,” use a value of \$10 per hour for citizen time savings and \$.325 per mile for travel cost savings.

Response: NA

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: In FY03, we estimate that \$22,630 will be returned to the State General Fund due to the federal match from Medicaid. In addition, by bringing ourselves into compliance with the new HIPPA standard, we should be able to avoid Federal penalties up to \$25,000 per resident patient at the Iowa Veterans Home which would equate to approximately \$17,500,000. The opportunity value/risk and loss avoidance benefit equals \$17,522,630.

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: \$17,522,630

7. Total Annual Project Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing

Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response: \$10,000

8. Benefit / Cost Ratio_– Divide the “Total Annual Project Benefit” by the “Total Annual Project Cost.” If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: 1752.26

9. ROI -- Subtract the “Total Annual Project Cost” from the “Total Annual Project Benefit” and divide by the amount of the requested State IT project funds.

Response: 48646.19%

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a “1 – 10” basis, with “10” being of highest importance. Check the “Benefits Not Readily Quantifiable” box in the applicable row.

Response:
 10 -- Reduction of the chances of fines or citations from oversight agencies
 10 -- Continued ongoing, long-term operation of agency programs
 10 -- Improved work processes improving the quality and accuracy of services to clients increasing customer satisfaction and avoiding future federal error rate sanctions
 10 -- Ability to electronically track and report data for federal purposes and to monitor the effect of new policies
 10 -- Expansion of data for use for program administration and evaluation

11. ROI Financial Worksheet	
Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	\$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	\$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	\$
A. Total Annual Pre-Project Cost:	\$
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	\$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	\$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	\$
B. Total Annual Post-Project Cost:	\$
State Government Benefit (= A-B):	\$
Annual Benefit Summary	
State Government Benefit:	\$
Citizen Benefit:	\$
Opportunity Value or Risk/Loss Avoidance Benefit:	\$17522630
C. Total Annual Project Benefit:	\$17522630
D. Annual Prorated Cost (SECTION IV-A):	\$10000
Benefit / Cost Ratio: (C / D) =	1752.26
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	48646.19%
<input checked="" type="checkbox"/> Benefits Not Readily Quantifiable	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document	Points
1. Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? Location: Section I-A	15
2. Will the project improve customer service? Location: Section I-B.2	15
3. Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with lowans? Location: Section I-B.3	10
4. Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? Location: Section IV-C	10
5. Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? Location: Section I-B.1	10
6. Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. Location: Section II-B.5	10
7. Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? Location: Section II-B1, IVB2	10
8. Will the project be for only one agency, multiple agencies, or the state government enterprise? Location: Section I-B3, IIB4	10
9. Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) Location: Section IV-B.2, IV-B.3	5
10. What is the credibility of the requester based on past performance on other projects? Location: Section II-A.2.d	5
Total	100